



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

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GENERAL GOVERNMENT
DIVISION

B-177024

The Honorable
The Secretary of Commerce

UNITED STATES



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Dear Mr. Secretary:

In our survey of various programs of the National Marine Fisheries Service (NMFS), National Oceanic and Atmospheric Administration (NOAA), we examined the activities of the Market News Service, Statistics and Market News Division. The Service provides market news reports to subscribers, at no cost, to aid them in the orderly marketing of fish and fish products. For fiscal year 1974, NMFS budgeted about \$600,000 to provide the market news service to about 11,000 subscribers. The budget did not include annual mailing costs of about \$126,000. 93

NMFS has not charged for this service on the premise that it is provided in the public interest. We believe that direct benefits accrue to certain subscribers but that few benefits accrue to the general public. For example, price information enables the fisherman to land his fish where the most favorable prices prevail and fish-landing information apprises buyers and wholesalers of where fish are available. Accordingly, certain subscribers should be charged fees for the market news service that will recover the full costs of providing such service.

CRITERIA FOR CHARGING FEES

The Government's general policy of charging fees is expressed in title V of the Independent Offices Appropriation Act of 1952 (31 U.S.C. 483a), commonly called the User Charge Act, as follows:

"It is the sense of the Congress that any work, service publication, report, document, benefit, privilege authority, use, franchise, license, permit, certificate, registration or similar thing of value or utility performed, furnished, provided, granted, prepared, or issued by any Federal agency * * * to or for any person (including groups, associations, organizations, partnerships, corporations, or businesses) * * * shall be self-sustaining to the full extent possible, and the head of each Federal agency is authorized by regulation * * * to prescribe therefore such fee, charges, or price, if any, as he shall determine * * * to be fair and equitable taking into consideration direct and indirect cost to the Government, value to the recipient, public policy or interest served, and other pertinent facts * * * ."

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Instructions to executive agencies for implementing this policy are in Office of Management and Budget (OMB) Circular No. A-25, dated September 23, 1959, as amended, which provides that:

"(1) Where a service (or privilege) provides special benefits to an identifiable recipient above and beyond those which accrue to the public at large, a charge should be imposed to recover the full cost to the Federal Government of rendering that service. For example, a special benefit will be considered to accrue and a charge should be imposed when a Government-rendered service:

(a) Enables the beneficiary to obtain more immediate or substantial gains or values * * * than those which accrue to the general public * * * ."

In the winter of 1972, the Statistics and Market News Division, with OMB approval, sent a questionnaire to each subscriber of the market news reports, to find out whether (1) the Market News Service was providing the kinds of market information wanted, (2) the reports were being issued with the desired frequency, and (3) a charge should be made for mailing.

NMFS's analysis of the responses to the questionnaire showed that the primary report users were fishermen; wholesalers; processors; importers; buyers; Federal, State, and foreign government officials; and brokers and exporters and that subscribers used the data for making individual management decisions.

The questionnaire did not ask users if they would be willing to pay the cost of producing the reports. However, 6,105 of the 6,973 recipients responding to the question on willingness to pay a fee equivalent to the postage cost answered "Yes."

On April 18, 1973, the Office of General Counsel, NOAA, rendered an opinion on the legality of charging for market news reports. The Office held that "anyone who is an authorized contributor of information to the market news reports would be entitled to receive a free copy of the report for the region to which he contributes data." The Office held also that this did not prohibit charging for such services, if such charge was deemed necessary.

An NMFS official told us that he would like to increase the circulation of the market news reports but that budgetary restrictions had precluded this. NMFS administratively decided, as a result of budget cuts, to reduce report issuance in some geographical areas from daily to three times a week.

CONCLUSIONS

Direct benefits from the reports accrue to fishermen, wholesalers, processors, and others engaged in marketing fish and fish products, and

the Government's general policy for charging fees would be applicable to the services the market news reports provide. An NMFS official agreed that the foregoing persons benefited directly from the services and that the general public received only indirect benefits.

Establishing a fee for services would be consistent with the Government's general policy concerning user charges provided for in the User Charge Act, OMB Circular A-25, and the opinion by NOAA's Office of General Counsel.

RECOMMENDATION

We recommend that you direct NOAA to establish fees for the service the market news reports render to fishermen, wholesalers, processors, and others engaged in marketing fish and fish products. Such fees should conform to the Government's general policy concerning user charges.

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As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions he has taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

Thank you for the cooperation given our representatives. Please let us know of any action you take on the matters discussed in this report.

We are sending copies of this report today to the Director, Office of Management and Budget; the Chairmen, House and Senate Committees on Government Operations; the Chairmen, House and Senate Committees on Appropriations; your Assistant Secretary for Administration; the Administrator, NOAA; the Director, NMFS; and the Director, Office of Audits.

Sincerely yours



Victor L. Lowe
Director
General Government Division